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# NO PEACE FOR JAPAN

By Frank Chodorov

Officially, the tragedy is ended. The curtain raised at Pearl Harbor on December 7, 1941, was finally hauled down at San Francisco on September 8, 1951. The participating audience has buried its dead, dried its tears, drowned the horrible memory in its preoccupation with new and prospective wars. The Japanese War is shelved in history along with its many predecessors. Finis!

But, is it really all over? Somehow, one feels that the affair of San Francisco is a hollow promise, that the solemnly signed "treaty of peace" is but the prologue to more trouble. The exact language of the document is most unconvincing. It declares the end of hostilities, but avoids reference to the causative conditions. If these conditions still obtain, how long before another eruption will take place?

War is made by politicians. But, politicians cannot make war out of sheer cussedness. The social conditions must be just right and the economic conditions most propitious; which is another way of saying that when people find living difficult it is easy to incite them against a "foreign cause" of their troubles. People will fight to live. Therefore, since in respect to the all-important matter of making a living, the pact of San Francisco returns the Japanese people to the status quo ante, or slightly worse, then it is not a treaty of peace but a tired truce. Like causes produce like results.

To glimpse what is ahead for Japan -- and for the rest of the world -- one must read the treaty in the light of Japan's pre-war economy.

## II

In the early years of the century, when the growing American industrial giant felt the need of a wider market, it turned to that vast and potentially rich area in the East known as China. To the commercial mind, China in those days embraced all the territory and all the peoples between Siberia and the lands to the south under domination of the British and French, and most certainly included Manchuria and Korea. This

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was one economic unit, teeming with customers who had plenty of raw materials with which to pay for manufactured goods.

But, though this unit was ostensibly free to do business with whomsoever it wanted, the Americans found the way to it blocked by the preemptory positions held by European competitors. To meet this situation, Secretary of State John Hay formulated and caused general acceptance of what became known as the Open Door policy. This was a declaration to the effect that in the Chinese market the various competitors were to be on an equal footing.

At that time Japan was not much of a competitor, but it was coming along and was very much in need of the Open Door. This mainlaind was of immense importance to Japan's economy. Aside from contiguity, the area was rich in all the things Japan lacked. Japan has nothing to sell but her labor power, which is a marketable commodity only when it is congealed in raw materials, of which Japan has practically none. She must import not only the resources that labor power turns into desirable things, but much of the food that fuels labor power. This near-by neighbor had an abundance of both. Hence the Open Door, which for Americans meant an opportunity for expansion, was for Japan a necessity.

But, the Open Door did not solve her problems, for though she had the advantage of distance, Japan was not able to meet the competition of the Occident. America was a particularly tough customer. This fact may jolt our protectionists, who have always maintained that our high-priced labor cannot compete with the "coolie" wages of the East. Yet, the fact is that with a wage scale lower than none, Japan was unable to undersell the highest wage scale in the world, even in her backyard.

Wages, as everybody but a Socialist knows, are part of production. The higher the wages the higher the production. Conversely, when the level of production falls the wages come tumbling after. In comparison with his output (quality considered), the American skilled mechanic is the cheapest labor in the world, while the unit cost of the impoverished Japanese laborer put him out of line competitively.

Japan's low-wage level was the result of political domination of her economy. The level of wages is determined by the level of production, and political intervention in the economy always has the effect of depressing production. For one thing, political intervention means taxes, which is a siphoning off of the wealth of a nation and a discouragement of capital savings. No economy can attain or maintain a high standard in the face of frequent visits from brigands, in which class, economically speaking, the tax collector must be put.

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In Japan the political establishment had long enjoyed absolute control of the economy. This meant that Japanese production was loaded down with taxes, and even though some of these taxes were channeled back into the economy by way of subventions, the net result was a general impoverishment; subsidies have the effect of creating work, of stimulating activity, of spreading money around, not of increasing production. Production begets production, and the only way to boost the general level is to permit the producer to keep, invest and exchange the output of his labor. This is, concomitantly, the only way to boost the wage level.

The Open Door could not redress the harm done to Japan's economy by her political machinery. Since the State never abdicates in the face of failure, but seeks to cover up its deficiencies with an extension of power, Japan set out to overcome her competitive difficulties on the mainland by militarily closing its door to the Occident. Successively, she took possession of Formosa, Korea, Manchuria and then sought a monopolistic position in China proper. Her economy did not improve; wages remained at the subsistence level.

The causes of war are too complex to be reduced to a simple formula. But, history indicates that the economy of a country bears heavily on the advent of war. American revisionist historians have come around to the thesis that the depression of the 1930's eased our entrance into World War II. If we were conditioned to an acceptance of war by our economy, it is a certainty the Japanese were likewise prepared for it. So, the war came and spent itself and we have a treaty of peace.

III

There is some fear among those who have studied the treaty that its terms present Russia, or its Chinese satellite, with easy opportunity to dominate the Japanese, thereby putting our military position in the East in jeopardy. If this is true, it is true only because the treaty in no way suggests a solution for Japan's economic problem. Save for the internal reforms effected by the MacArthur regime, Japan's economic position is even more precarious than it was before the war, in that her population is crowded into less working space.

Japan is still poor in natural resources. Japan still has nothing to sell but her labor power. And the neighboring mainland is still rich in raw materials. These are the hard facts of the situation.

Japan has other neighbors, including the United States, with whom she could do business, and in preference to China. China has had more war, and is therefore in less solvent condition than Australia, the Phillipines, other countries on the mainland, Africa. But, seeing how

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the nations of the world are going mad with economic isolationism, the likelihood is that Japan will find trading with them difficult, if not impossible. She will be confronted with the "dumping" argument -- that she is bent on causing general distress by giving her goods away free! She will learn that she is a menace to the "high priced" labor of Indonesia. India's "infant" industries must be protected against this menacing Japanese giant. The sterling bloc will ostracize her. America will bolt its doors when a Nipponese salesman is in sight.

One of the great anomalies of our times is the urgency, on the one hand, for political One Worldism, and, on the other, for economic isolationism. Even as the validity of separate sovereignty is seriously debated by international commissions, and pacts for closer political union are drawn up, the various governments are erecting stronger barriers to trade, and thus splitting up the human race into hermetically sealed and hostile camps. This contradiction can only be described as international schizophrenia.

When the requirements of protocol are satisfied, Japan will probably be invited to join mankind's greatest fraud -- the United Nations. And we can already hear her delegates pleading for the supreme privilege of buying iron and selling toys, and humbly apologizing for her lack of food. No doubt the plea will be respectfully referred to the proper commission for study. Shall its report, in due time, recommend that Japan solve her economic problem by practicing birth control?

IV

The weakness and danger of the San Francisco agreement is that it has no bearing on Japan's primary problem. If Japan ultimately drifts into the hostile Communistic camp against the Western lineup, it will not be because of an intent to defeat the terms of the treaty, but because of the primordial urge of the Japanese to live.

If, as seems likely, Japan finds the markets of the world closed to her, she will be most receptive to any overtures China may make. Can she reject them offhand? Even though trade with China -- or Russia -- involves political entanglement, or Communist propaganda infiltration, the risk must be taken. To a man with a hungry wife and child a job is a job; the boss's ideology is not hard to take with the wages.

This should be evident, and it certainly must be evident to the conspirators in the Kremlin. Gromyko's performance at San Francisco may have had its purpose, but it certainly was not to prevent the signing of the treaty. For a sovereign Japan, committed by world trade conditions to poverty, and no longer enjoying a liberal handout from her conqueror, will be most amenable to blackmail. Will this lead to war?

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Not Merely Gossip *A Supplement to* Human Events Vol. VIII, No. 44

By Frank C. Hanighen October 31, 1951

PARIS BOUND: While the country looks to Korea, to Panmunjom (where cease-fire talks have resumed) for a peace solution, many in Washington keep their eyes on Paris. There on November 6, the UN fall meeting will commence.

Last Thursday most of the members of the American delegation set sail for France. They included besides Acheson, Mrs. Roosevelt, Benjamin V. Cohen, Warren Austin -- and Philip Jessup, now a delegate under interim appointment by Truman. (Washington observers now believe that it was to "cover" this interim appointment that the President started the rumpus over relations with the Vatican.)

Rumors of a "deal" to be "pulled off" in Paris have been spreading around Washington for the past ten days. Some of the local gazettes close to the State Department have discouraged comment on this rumor. The versions of the alleged deal differ, but all mention admission of the Chinese Communists to the UN as a quid pro quo for a backdown of the Reds in the negotiations at Panmunjom.

A proposal for admission to the UN of the Chinese Reds, of course, could hardly receive the open support of the American delegation in view of feeling at home. Mr. Acheson -- it may well be expected -- will publicly release some of his longest and best phraseology against it. (That is all nicely contemplated in the scheme.) Mr. Jessup might say less in public and might see more of certain European delegations in private. That is why the Administration simply had to give him the famous interim appointment. But a majority of the other delegations at this Paris meeting may well vote for admission of Red China. If so, we cannot prevent admission, since Acheson has ruled that the veto does not apply in this case; such admission is a "procedural" matter. That will be Acheson's "out".

Paris is a long way off, and American correspondents covering the meeting may not be tipped off by our diplomats as to what is going on, or might think it prudent to keep silent if they are informed. Moreover, Congress has adjourned and that great clearing house of news about the surreptitious plans of our foreign emissaries will not be operating to warn the public. In view of past performances of our diplomats, these rumors about what is planned for Paris cannot easily be disregarded.

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COLLECTIVE SELLOUT: The above alleged "deal", however, seems of a comparatively minor nature as against another which is embodied in the innocent-looking Point 18 of the agenda for the UN meeting in Paris. This point simply mentions "methods which might be used to maintain and strengthen international peace and security". These "methods" are recommended by a body which has attracted little notice, but is privately -- in State Department circles -- regarded as of supreme importance.

This is the "Collective Measures Committee" -- a title which is said to have sprung from the agile tongue of Mr. Dean Acheson.

This Committee and its report of October 3 has received -- was it intentional? -- little publicity. The New York Times on October 4 devoted only four lines to the Committee's action in adopting its military report. However, an A.P. dispatch from the UN headquarters in New York on October 3 said the report recommended that "The United Nations would reserve the right to kick out the military authority and name a new one if it was decided that it was not acting in accord with United Nations policies. In the Korean war, the United States is responsible for command decisions, and it is required only to inform the United Nations as to what is going on."

This truly sinister decision -- we learn -- is being readied to pass the UN meeting in Paris, far away from the eyes of Congress. One can imagine the protests of those who approve of General MacArthur if this gets around.

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There are other equally sinister provisions for UN control of our trade and diplomacy which figure in the "methods" to be discussed under Point 18 of the agenda of the UN meeting. If the UN passes these, U.S. sovereignty as a nation will be completely compromised -- such is the opinion of an international observer to whom we showed the provisions.

Finally, it is now reported that this 14-nation "Collective Measures Committee" will meet in Italy on November 16 to discuss this matter -- in a recess from the UN meeting in Paris. Acheson, it is said, will lead the discussion.

(As we go to press with this story, we learn from Pentagon sources that high officers are greatly stirred by this matter. They hint that at this Italian meeting Eisenhower may render a report on the European rearmament, may tender his resignation and offer to hand over his command to the UN, saying his task has been accomplished. We cannot, however, vouch for this story.)

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TAFT - MACARTHUR NEWS: A correspondent who watched the Taft-McMahon debate on television last Sunday writes us: "Taft went in swinging and had the Connecticut Senator on the ropes all the way. Taft was fighting mad, but did not lose his temper. He talked sense and McMahon talked politics. Others who watched the show seemed to have a new impression of Taft -- a fighting candidate."

In Sioux Falls, S.D., on October 24, Taft gave a press conference in which, according to the A.P., he said: "I think Senator McCarthy has done a great service by calling attention to the extent of Communists in government." We have seen no mention of this remark in Eastern newspapers.

We have just read the results of a poll taken in a gathering of Bergen County (New Jersey) Republicans which occurred early in October. MacArthur led with 463 ballots, Taft ran second with 322 and Driscoll (New Jersey Governor) and General Eisenhower tied for third with 247, each. How do those pundits who assign New Jersey to Eisenhower explain this poll?

As a result of last week's British elections, the 77-year-old Churchill has assumed the gigantic burdens of Premiership of the United Kingdom. We have seen no comment to suggest that the famous war leader cannot shoulder these burdens because of his age. Therefore, why is it assumed in our press that General MacArthur's age -- 71 -- renders him unable to run for the Presidency of the U.S.?

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OF IKE AND HARRY: A dispatch from one of our correspondents in Paris today reports that an emissary from the White House has arrived in the French capital to see Eisenhower and sound him out as to his political plans. The emissary is an old friend of Ike, the kind of friend in whom the General might confide such information. But -- interesting fact -- Ike does not know that said friend was sent by Truman and for this purpose.

This news is not altogether surprising. Various politicians these days are seeking to discover what various other politicians are going to do; Truman attempting to find out if Ike will run, Ike presumably trying to discover if Truman will run, Southern Democrats waiting to see if either will run, etc.

Opinion on these matters is noticeably fluid this week. Around the Capital, many have veered to the notion that Truman will not run. And one even hears a question which has not been seriously raised for many months: "Would Truman really consider inviting Eisenhower to run on the Democratic ticket?" Meanwhile -- straw in the wind -- talk in the Pentagon during the past week has turned to this question: "Who would succeed Ike as European commander?"

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INTERNAL REVENUE SCANDALS: The Administration forces have vigorously taken over the investigation of the corruption in our tax-collection system -- so they say.

Taken over from whom? From the uninhibited Senator Williams of Delaware, a Republican, who really started it all. What Congressional committee is running the probe? Not the Senate Committee, under Senator Hoey; that Southern Democrat has clearly indicated his group has too much to do and that it is the job of the House Committee. So, it devolves on a committee of the Lower House, in short -- as everyone knows -- a "lower case" group, enjoying less prestige and publicity.

Who heads the House Committee? Mr. Carol King, Democrat, of California. Reflective observers have looked up the geography of King's district and found that it includes a part of Hollywood. These observers recall talk that the really big infractions of tax laws could be found -- if anyone really wanted to find them -- in the three cities of New York, Miami and Hollywood. But would this gallant New Deal Congressman from the Hollywood area be subject to pressures?

Mr. King, a dramatic looking figure who might easily be mistaken for someone off the M-G-M lot, has dramatically sought to reassure public opinion about his intention to carry on a full and frank investigation. His statement on October 26 was very necessary. For several days previously, Mr. John B. Dunlap, new Commissioner of Internal Revenue, had suggested that disclosure of corruption might imperil tax collection. Congressman King quashed Mr. Dunlap and the way was officially declared cleared for real probing.

But is it? There are those observers here who continue to point out that no minority counsel or staff has been appointed, and no funds allotted for that purpose. Theoretically, the majority staff should follow leads brought in by the Republican minority. Actually the majority counsel and staff take their orders from the Democratic chairman. It has been the unhappy experience of many Republicans in the past that, in such committee work, the majority counsel can find many excuses for not following up such leads.

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BOOK FRONT: "How the New York Times Lost Its Nerve" is the title of an exchange of letters, as inserted in the Congressional Record (October 19, pages A6934,5). This exchange is the colorful finale of a correspondence which we mentioned first last summer.

In this column on August 29, we reported Senator Brewster's highly documented speech attacking the New York Times Book Review, as printed in the Congressional Record. Brewster charged that the Times book section had favored book reviewers who took a pro-Chinese Communist attitude in dealing with books on the Far East, and he gave chapter and verse. Mr. Lester Markel, Sunday editor of the Times, wrote to the Maine Senator in protest.

Next phase: Senator Brewster answered Markel, challenging the latter to reprint the correspondence in full in the Times Book Review. "If my understanding is correct", wrote Brewster, "the Times prides itself on being a standard newspaper of record. . . . I sincerely hope you will provide the readers of the Times an opportunity to review the entire correspondence. After all, the Soviet Government conceded the publication of not only Herbert Morrison's criticism, but also the Senate resolution of friendship. Don't you think that you might do at least as well?". Mr. Markel did not, saying in a letter of reply that Brewster's charges were "unfounded".

Brewster had the last word: "It is not an edifying spectacle to see an Editor of the New York Times undertake a defense of his paper . . . and then to make a panic-stricken retreat with his tail between his legs. But as Hamlet says, 'Thus conscience does make cowards of us all.' "

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# Book Events

Fifty Billion Dollars: My Thirteen Years with the RFC (1932-1945), by Jesse H. Jones with Edward Angly. New York: The MacMillan Company. $6.00. Reviewed by Walter Trohan.

When Caesar fell at the base of Pompey's statue, after thrice putting by a crown, he died secure in the knowledge of a niche in history at least greater than the man he vanquished at Pharsalus. When Franklin D. Roosevelt slumped into death at Warm Springs, Georgia, a few weeks after he had grasped a fourth term, he died not only mentally and physically deteriorated, but with his vaulting ambition -- to take a place beside Caesar in history -- unfulfilled. It is the solemn and considered judgment of Jesse H. Jones that the gallant leader of 1932 died a failure in 1945. The estimate is the more important because Jones was beside FDR as a member of his official family throughout the best and worst days of those years, as head of the Reconstruction Finance Corporation and as Secretary of Commerce.

While this book is important to Jones as the story of his stewardship of fifty billion tax dollars, a sum all too sadly approaching the peanuts category under the order of frenzied finance, it will survive in history for its appraisal of FDR and for its contribution to revisionism. In this book, for the first time, an estimate of FDR confirms all that revisionists have said to date about Roosevelt's maneuvering to get us into war, and goes beyond with the flat assertion that FDR, while professing to hate war, welcomed it eagerly as insurance for a third term. Jones says that FDR had no intention of ever leaving the White House until he was voted or carried out and that he combined spending and war to break the third term precedent.

More in admiration than anger, Jones brands FDR as a ruthless, total politician who was all things to all men, but a potential world figure of the stature of Caesar and Alexander the Great to himself. In working to establish this dream before the world, FDR made commitments to Josef Stalin, something of a world figure on his own; commitments from which Jones concludes the United States and the rest of the non-Communist world may never recover.

No doubt the Roosevelt myth profiteers will attempt to fasten the charge of disappointment on Jones because he was fired by FDR to make room in the cabinet for Henry Wallace, the Don Quixote in pink armor. Jones is no crusty old curmudgeon. Rather, he is jubilant that his greatest contribution, even to his administration of fifty billions -- and make no mistake about it, Jones loves money -- was to keep Wallace from the Presidency by making it impossible for Henry to be renominated for the Vice Presidency in 1944. Wallace missed the Presidency by eleven weeks. Jones contends the miss was due to the Jones-Wallace row over stockpiling in 1943.

Jones is not bitter; nor is his ghost writer. Angly is a veteran newspaperman long associated with the New York Herald-Tribune and later with the Chicago Sun. No one who knows Jones can mistake the fact that the chapter on FDR, Truman and the cabinet is wholly his own, untouched by the more careful syntax of Angly. Jones avers he and FDR never had an argument and that FDR never harbored a grudge. But he does find that FDR treated the public money as though it were private largesse to be dispensed to "our friends", into which number Al Smith fell when he joined the interventionists. FDR tried to induce Jones to purchase the Empire State building because friend Al, head of the building corporation, was broke and had an expensive family. Jones took a dim view of the loan and evaded it. Smith took a dimmer view of FDR; Jones reports his attitude was one of "utter contempt".

There is a host of history in the book and many fascinating appraisals of Roosevelt officialdom, and a fatherly regard for the men who served him in the RFC. All this and Roosevelt, too, Jones can boast, but a greater boast is that he tells the story as he saw it, to the confusion of those who would veil history in myths.



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European Supplement *to* Human Events Vol. VIII, No. 44

*The views expressed in this* EUROPEAN SUPPLEMENT *are those of an experienced European observer, and are interesting for that reason, but they do not necessarily reflect the views of HUMAN EVENTS—Editors.*

*By* BERTRAND DE JOUVENEL Paris — October, 1951

**Our Back Yard Aflame:** British capitulation at Abadan has precipitated an as yet guarded attack upon its positions in Iraq, a full-scale attack upon its positions in Egypt. Paris is, if anything, even more worried than London. Egyptian nationalism is the tutor of Moroccan and Tunisian nationalism: its eruption into violent action may go to the heads of nationalists throughout French North Africa. A new saying has sprung up in Paris: "While we are called upon to defend our main gate, our back yard is going up in flames."

The damage already done to European interests is considerable, the damage impending is immense. A by-product of these events is the damaging of European attitudes towards the U.S. A notable English Conservative writes me: "The feeling in our circles is that the American government practically vetoed ours from acting in Persia." The fact may be true or not: the impression is important. The overall impression in Western Europe is that American opinion refuses to side with its European allies when their overseas interests are at stake. Previous occasions are brought up, such as the unsympathetic attitude of the U.S. to Holland over Indonesia.

Americans are well aware of the anti-American campaign in European circles amenable to Communist propaganda. A new phenomenon is making its appearance which I feel I must underline; a rising resentment toward the U.S. in those moderate circles which up to now have been whole-heartedly pro-American. To make this fully comprehensible I must emphasize several facts about European overseas interests.

* * *

**European Expansion Happened Overseas:** Dynamic nations expand: this is a fact of history. Moscovia continuously expanded from the XVth to the XXth century (I am not now alluding to its recent conquests), mainly to the South and to the East. It assimulated the sparse populations in its path. Likewise the thirteen colonies of America expanded westward and the U.S. quadrupled its territory from 1790 to World War I.

In the territories successively integrated into the U.S., Americans built roads, harbors, railways, schools; these were public investments. They also put land into cultivation, opened up mines, struck oil, built pipe lines, etc.; these were private investments. All these efforts contributed to the strengthening and enrichment of the great Republic.

The states of Western Europe also expanded, but their expansion necessarily took quite another form. They could not expand by absorbing contiguous areas because there they encountered populations of similar density and degree of civilization, organized into political powers of comparable strength. Take a political map of the XVIth Century: you will find the frontiers then standing much where they are today. Yet within these frontiers there was enormous energy seeking outlets, a mighty pioneering or "frontier" spirit. It resulted in overseas expansion, of which the greatest achievement was the founding of the American colonies.

American independence set a model for the behavior of other white-dominated overseas lands; they all detached themselves politically from the mother countries. Nor was this bad for the mother countries, because similarity of outlook permitted intercourse to continue and flourish after political separation.



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In the XIXth Century overseas expansion was renewed, but this time the process of industrialization and urbanization taking place in Europe made the new colonies economically far more important to Europeans than the separated colonies had been. Just as American capital developed the raw materials needed by its growing industries on American soil, European capital developed corresponding sources for its own needs, but these were in outlying territories, sometimes colonies, sometimes protectorates or even independent countries such as Persia.

Vast investments of talent and energy, as well as money, were made. The best administrators, the most energetic entrepreneurs, the boldest pioneers went overseas. What threatens Europe today is the loss of all the effort and achievements of these empire builders.

The loss of the Malayan tin mines would affect Britain exactly as the loss of its copper mines would affect the United States. The loss of Iranian, and the possible loss of Iraqian oil, is to Britain what the loss of Texas oil would be to the United States. The loss of the Suez Canal is to England and France which jointly hold it (it was initially a French achievement), what the loss of the Panama Canal would be to the U.S. Morocco is France's California.

The non-Western nations are claiming as their own, by a fantastic overstatement of "national rights", the fruit of vast Western efforts, things which would not exist but for Western presence and energy. Indeed, the very nations would not be what they are, in physical numbers, had it not been for these Westerners.

Nor has the situation any real similarity, such as many of my American friends assume, with the secession of former colonies in the late XVIIIth and the early XIXth Century. In those days, private rights were respected, commercial intercourse, as I have said, was not interrupted but quickened by separation. No such prospects open up in the present case.

It is surely relevant to mention the fact that insofar as Western Europe loses resources overseas she must turn to the U.S. for replacement. In the thick of the Iranian crisis it was reported that eighteen American oil companies undertook to replace the supplies lost. But the oil replacement will not help the British balance of payments, which will be worsened by something like 300 million dollars. The losses Europe suffers overseas will mean increasing appeals to the American taxpayer to make good.

* * *

**One World or Self-Determination?** The West in our day, and especially the U.S., is very much attached to two ideas, which are contradictory. We speak of "One World", of a universal order insuring universal liberty and justice, respect for rights and contractual obligations. Such order must perforce stop short of the Russian Empire but we would like to push it right up to its forbidding frontiers. On the other hand, there is the idea of self-determination, which President Wilson brought us at the Paris Peace Conference, and which is currently interpreted as the right of any nation to behave as badly as it pleases within its frontiers. ("We can't do anything about the oppression of the Jews in Germany; you know, national rights, a matter for national sovereignty.")

This idea of self-determination opened up a dismembered and helpless Central Europe to Hitler's enterprises. Applied to the great belt which runs from Indochina to Morocco, it will mean weak governments of weak countries, prey to Communist enterprises, from the inside at first, and eventually from the outside.

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**Lying Low But Working Hard:** Watch Communist behavior. We know and the Communists know that Communism has never won a straight political fight. How did the Bolsheviks rise to power in Russia? Not by a frontal Communist attack on Tzarism. That would have been hopeless. First, there was a movement which swept away the Ancient Regime. Then there was a successive elimination of the more moderate elements, those who might have led a reform. Then a period of unsettlement and agitation giving the Bolsheviks, as members of a coalition, a chance to rise; then they got rid of their

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associates. Great movements without Communist slogans, clearing away the obstruction of traditional political structures, creating great excitment and stilling the voice of reason; such are the conditions which allow the Communists to creep in. How many, one wonders, of the "governments of liberation" in formerly more or less dependant countries, will suffer the fate of the Chinese Nationalists?

Even if the nationalist movements under way do not finally culminate in Communist victories, their success, or their mere upsurge, constitutes a great weakening of Western Europe. If the positions are lost, it is a loss of power and wealth, and incidentally morale; if the positions have to be held by the exertion of force, it is a great wastage of Western energy, and incidentally a loss of moral prestige. It is therefore immensely to the advantage of Stalinism to excite such movements. And Communist agents, instead of advocating their own creed, are much more effective talking in the back rooms of national liberation.

There is no need to stress the fact that by pushing Westerners out of the Middle and Near East, the Russians are expelling them from the only positions wherefrom a really effective counter-offensive might be aimed at Russia. There is a telling coincidence between all the movements aimed at European presence and the extension of the "Atlantic" strategy of Turkey. If the Eisenhower army were based at Abadan, Moscow would really be worried. That has now been excluded, and our ally Turkey, a solid and worthwhile country, is being carefully isolated from us.

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**The UN?** In some some ways the idea of substituting the UN for individual European nations seems tempting. It suggests the meaning: "We do not assert the superiority of the English over, say, the Egyptians, but we do assert the superiority of the general interests of the free world over national passions." Unfortunately, to Europeans the UN means the U.S., and that to a degree which Americans cannot suspect; although many Europeans recognize the meaning of the UN army in Korea. I find the following reaction quite current, once more in moderate circles: "While Americans have not helped us to hold our ground, they are not unwilling to come in in our stead."

At various times in this correspondence, I have stressed the importance of Europe's overseas interests about which Europeans are extremely touchy. Allow me to repeat it emphatically. The main phenomenon of European history in the post-war years is "the great retreat" of Europeans from their overseas positions. You must go to Holland, which has suffered the retreating process to the full, to realize the material and moral consequences of it, the impoverishment and the resentment.

Whether this process was and is avoidable after two wars in which our slogans were "national self-determination" and "the liberation fight against the occupant", I am not wise enough to say. But any appearance of American consent to or sympathy with what is happening cannot fail to gravely injure European feelings towards the U.S. Americans would hardly appreciate a European attitude of "understanding" towards a Panamanian government that belligerently asserted ownership of the Canal.

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**Internal Economic Difficulties:** The two key countries of Western Europe which are experiencing real or prospective major external worries, Britain and France, are also in the pangs of economic difficulties. Their balances of payment, in equilibrium last year, have taken a turn for the worse.

Expressed in dollars, Britain's commercial balance was in the red by only 430 million dollars in 1950, and the surplus of "invisible" transactions redressed the balance to a net surplus of 640 million dollars. This year the trade deficit is expected to amount to 2,300 million dollars, of which only a little less than half will be covered by "invisible" income. Thus, Britain lacks about 100 million dollars a month to meet her current debts.

This disequilibrium arises even though Britain has raised her post-war exports to around 175 per cent of pre-war—the target pointed to by Sir Stafford Cripps to safeguard her commercial position.

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Now, as the *Economist* remarks, due to the increased prices of imported products, there is nothing for England to do but to increase exports again; and as heavy industry must turn increasingly to armaments, the bulk of the export task must fall upon light industries. The situation, as stated by the Socialist Chancellor M. Gaitskell and the liberal *Manchester Guardian*, is that exports and rearmament must be increased simultaneously. Meanwhile the rate of investment must be preserved to assure improvements in production; this, the two authorities agree, calls for a reduction of consumption.

The *Lloyds Bank Review* opines that the best practical means for reducing consumption is to do away with food subsidies and rent control, letting the rising prices check buying power. It is easy to see that this course would put the victorious Conservatives in a most unpopular position.

France also has suffered a worsening of her balance of trade. While her balance was in equilibrium in the last semester of 1950, it now is running in the red by more than 100 million dollars a month. And that even though her exports have more than doubled in volume as against 1938. She also has to raise her production for both exports and armaments, at a time when she had expected to concentrate on consumer goods.

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**Impact Upon Transatlantic Relations:** Economic troubles afflict these two European countries after a short period of well-being, just when it seemed that the damage of the war had been repaired. This feeling of relief and ease reflected itself in Americaphilia; credit for this achievement was generously accorded to American aid. The British and the French are now suffering a decline of optimism, blaming their economic deterioration on the rise of prices brought about by American rearmament; meanwhile European rearmament presages more trouble. This is an over-simplification; nevertheless it is the prevailing view.

That is more or less the Bevan analysis, and one would not expect to find it in moderate circles. But one does. And there it is coupled with the aforementioned resentment over the loss of overseas positions. Before the elections, several moderates told me: "It is time we have Churchill back to speak up to the Americans."

If we try to rise above petty unreasonable reactions (of which politics is made up to a great degree), I think we may say one thing: transatlantic association, made necessary by Europe's weakness, is morally poisoned by the continuation of this weakness and cannot flower as it should unless Europe gains enough self-confidence to feel itself a more equal partner and less of a stricken dependent.

I do not know what was the by-play in the Abadan business, but it is my feeling that it would have been better to let the British make up their minds by themselves as to what they should do. If the United States is dragged into our business it is unavoidable that the blame should be heaped upon it for anything that goes wrong.

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**The Nature of Transatlantic Association:** It seems to me I am performing my office by conveying the states of mind which appear to me to exist or are in formation. If I may say so, no hasty conclusions can be drawn. However, there is one conclusion we must, I believe, draw. The association between the U.S. and Western Europe is not an alliance of the old type. It is an organic association which calls to mind the League of Delos formed by Athens with the weaker Greek cities. Great attention has been paid to the strategy of the cold war. But, as the positive outcome of the cold war, this most promising and potentially fruitful association of the West presents internal problems of the greatest importance to us. I believe that none of us has really thought out the implications and tried to foresee the nature of the tensions which must inevitably arise in such a relationship.

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